

Calculation Of Transfers: Tax Reduction Fund

June 30, 2005
(Amounts in thousands)

This statement is prepared pursuant to Chapters 29 of the Massachusetts General Laws, as amended. It is prepared on the statutory basis of accounting and presents information contained in the official books and accounting records of the Commonwealth. Supporting information is presented in individual schedules, as indicated, and in the Financial Section of this report.

The computation is as follows:

Part 1: Comparison of Stabilization Fund, after current fiscal year transfers,
to 15% of budgeted revenues and other financial resources:

Undesignated fund balance in the Stabilization Fund.....	\$ 1,728,355
Allowable Stabilization Fund balance (per Schedule B).....	<u>3,656,015</u>
Stabilization Fund excess, if any, transferable to Tax Reduction Fund.....	<u>\$ -</u>

Part 2: Status of Stabilization Fund after transfers:

Stabilization Fund balance.....	\$ 1,728,355
Transfer to Tax Reduction Fund.....	<u>-</u>
Stabilization Fund balance after transfer to Tax Reduction Fund.....	<u>\$ 1,728,355</u>

Part 3: Status of Tax Reduction Fund after transfers:

Tax Reduction Fund balance.....	\$ -
Transfers from Stabilization Fund.....	<u>-</u>
Tax Reduction Fund balance after transfers.....	<u>\$ -</u>

Schedule A
FY2005 Tax Revenues By Revenue Class and
Calculation of Allowable Net Surplus

June 30, 2005
(Amounts in thousands)

Alcoholic Beverages.....	\$	68,630
Banks: Commercial and Savings.....		198,938
Cigarette.....		423,637
Corporations.....		1,062,722
Deeds.....		230,235
Estate and Inheritance.....		255,127
Income.....		9,690,270
Insurance.....		372,823
Motor and Special Fuels.....		685,537
Public Utilities.....		71,136
Room Occupancy.....		133,487
Sales and Use.....		3,890,945
Club Alcoholic Beverages.....		621
Motor Vehicle Excise.....		70
Convention Center Surcharges.....		10,390
Community Preservation.....		37,406
State Racing.....		4,677
Beano		3,425
Raffles and Bazaars.....		1,038
DOI Excess and Surplus Lines.....		29,480
Boxing.....		90
UI Surcharge.....		21,135
FY 2005 state tax revenue.....	\$	<u>17,191,819</u>
0.5% of total tax revenue.....		85,959
Allowable consolidated net surplus	\$	<u>85,959</u>

This schedule is prepared on the statutory basis of accounting. It presents tax revenues as reported in the governmental funds of the Commonwealth. It differs from the schedule of tax collections prepared by the Comptroller, Commissioner of Revenue and State Auditor for calculations in accordance with Chapter 62F, of the General Laws as amended.

Schedule B Calculation of Cap on Stabilization Fund

June 30, 2005
(Amounts in thousands)

Total budgeted revenues and other financial resources pertaining to the budgeted funds.....	\$ 26,604,656
Elimination of budgetary interfund activity exclusive of fund closure (per Schedule C).....	<u>(2,231,223)</u>
Budgeted revenues and other financial resources pertaining to the budgeted funds.....	24,373,433
Allowable Stabilization Fund balance, 15% of budgeted revenue.....	<u>\$ 3,656,015</u>

Calculation of Stabilization Fund Transfers as defined by Massachusetts General Laws Chapter 29 section 5c as most recently amended by Chapter 26 of the Acts of 2003.

Schedule C **Detail of Elimination of Budgetary Inter Fund Activity**

June 30, 2005
(Amounts in thousands)

Adjustments to revenues :	
Transfer to the Intragovernmental Service Fund Revenues.....	\$ (185,859)
Adjustments to other financing sources and uses:	
Fringe benefit cost assessments.....	(52,019)
Year end Stabilization Fund transfer.....	(85,959)
Transfer from the Intragovernmental Service Fund to the General Fund.....	(1,927)
RMV license -plates.....	(3,513)
Transfer from the Federal Medicaid Assistance Percentage Escrow Fund to the General Fund.....	(270,000)
Transfer from the Stabilization Fund to the General Fund	(343,271)
Transfer from the General Fund to the Temporary Holding Fund -permissible tax	(135,991)
Year end transfer from the Temporary Holding Fund to the Stabilization Fund.....	(135,991)
Transfer to the Transitional Escrow Fund per Chapter 106 of FY 2005.....	(304,838)
Transfer to the Stabilization Fund per Chapter 106 of FY 2005	(691,000)
Other	(20,855)
Elimination of budgetary interfund activity	<u><u>\$ (2,231,223)</u></u>

Schedule D

Calculation of Transfers: Temporary Holding Fund

June 30, 2005
(Amounts in thousands)

This statement is prepared on the statutory basis of accounting pursuant to General Laws Chapter 62F, Section 6A, as amended most recently by Chapter 26 of the Acts of 2003, Sections 203 and 715. It presents information contained in the official books and accounting records of the Commonwealth. Financial statements supporting this calculation are presented in the Financial Section of this report.

Quarter Ending:	<u>September 30, 2004</u>	<u>December 31, 2004</u>	<u>March 31, 2005</u>	<u>June 30, 2005</u>
Cumulative net state tax revenues, 2005	\$ 4,046,871	\$ 7,889,352	\$ 11,994,248	\$ 17,190,450
Cumulative net state tax revenues, 2004.....	3,827,761	7,436,091	11,241,206	16,052,917
Permissible growth rate defined as				
inflation plus 2%, but not less than 0%.....	4.54%	4.80%	5.41%	6.24%
Permissible state tax revenues defined as				
cumulative net state tax revenues,				
2004 multiplied by 1 plus the permissible growth rate.....	<u>4,001,694</u>	<u>7,792,800</u>	<u>11,849,018</u>	<u>17,054,459</u>
Cumulative net state tax revenues 2005				
in excess of permissible state tax revenues.....	<u>\$ 45,177</u>	<u>\$ 96,552</u>	<u>\$ 145,230</u>	<u>\$ 135,991</u>